84-1089

No.

Office Supreme Court, U.S.
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JAN 2 1985
ALEXANDER L. STEVAS,
CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, 1984

NICK N. NOVICKY,

Petitioner,

vs.

SYNTEX OPHTHALMICS, INC. and ARAPAHOE CHEMICALS, INC. (now SYNTEX CHEMICALS, INC.),

Respondents.

NICK N. NOVICKY,

Petitioner,

vs.

GEORGE F. TSUETAKI and FUSED KONTACTS OF CHICAGO, INC.,

Respondents.

APPENDIX TO THE PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

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UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

SYNTEX OPHTHALMICS, INC., et al.,	)	
Appellees,	)	
v.	)	Appeal No. 84-838*
NICK N. NOVICKY, et al.,	)	
Appellants.	)	
GEORGE F. TSUETAKI, et al.,	)	
Appellees,	)	
v.	)	Appeal No. 84-857*
NICK N. NOVICKY, et al.,	)	
Appellants.	)	

DECIDED: October 3, 1984

Before DAVIS, Circuit Judge, NICHOLS, Senior Circuit Judge, and BALDWIN, Circuit Judge.

DAVIS, Circuit Judge.

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*For some reason, two seperate appeals (identical in content) were noted by appellant; we treat the two appeals as, in reality, one appeal. Tsuetaki, et al., did not participate in this appeal.

Appellant Novicky seeks review of four related decisions of the United States District Court for the Northern District of Illinois: (1) a grant of summary judgment for appellee Syntex, deciding that Syntex has title to all of the patents and patent applications naming Novicky as inventor;[1/] (2) a decision holding that Novicky misappropriated Syntex's trade secrets; [2/] (3) a final injunction, enjoining Novicky for a twenty-year period from using or disclosing Syntex's trade secrets;[3/] and (4) a denial of Novicky's

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[1/] Syntex Ophthalmics, Inc. v. Novicky, No. 80 C 6257 (N.D. Ill. June 13, 1983).

[2/] Syntex Ophthalmics, Inc. v. Novicky, No. 80 C 6257 (N.D. Ill. Dec. 12, 1983).

[3/] Syntex Ophthalmics, Inc. v. Novicky, 80 C 6257 (N.D. Ill. Feb. 9, 1984).

motion to remand the proceedings back to state court.[4/]

We affirm the grant of summary judgment on the patent issue as to six of the eight patents and applications covered by that decision and remand to the District Court the question of Syntex's title as to the other two patents. On the issue of trade secret misappropriation, we affirm the District Court's holding that Novicky misappropriated Syntex's trade secrets, but reverse the court's twenty-year injunction and remand for reasons explained infra. Finally, we affirm the District Court's denial of Novicky's motion to remand the state action back to state court.

[4/] Tsuetaki v. Novicky, No. 81 C 4050 (N.D. Ill. Feb. 13, 1984).

Novicky does not seem to be appealing from the District Court's denial (in June 1983) of Novicky's motion to file a new counterclaim alleging illegal dumping in count one and attacking the validity of the Gaylord patents in count two. Consequently, we do not address those issues directly, although the parties touch upon them in their briefs.

I

Background

A. The Polycon project and Novicky's employment: The roots of this complex litigation[5/] go back to 1977. Early in that year, the appellees, Syntex Ophthalmics, Inc. and Arapahoe Chemicals, Inc. (collectively referred to as "Syntex")[6/] embarked on a joint venture for research and commercial development of a contact lens material from which rigid gas-

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5/ Counsel greatly added to the complexity of this case by failing to provide an adequate index for their seventeen-volume appendix. In particular, counsel's haphazard indexing of the opinions of the various courts that have heard aspects of the case made this court's work considerably more difficult.

6/ Syntex Ophthalmics, Inc. and Arapahoe Chemicals, Inc. are sister subsidiaries of Syntex (U.S.A.), Inc. Since the initiation of this litigation Arapahoe Chemicals has changed its name to Syntex Chemicals.

permeable contact lenses could be made.[7/] They called their venture the "Polycon project". Appellant Novicky, who had been employed by Arapahoe since 1973, was selected to be a chemist on the Polycon project. This litigation arises out of that employment relationship.

When first employed by Arapahoe in 1973, Novicky signed a standard Syntex employment agreement, promising confidentiality and assigning to Syntex all ideas and inventions conceived or developed by him while at Syntex. The agreement provided, in pertinent part:

> 3. Disclosure of Information and Assignment and Ownership of Ideas. The Employee agrees to fully disclose, deliver, transfer and assign to Employer, his

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[7/] Prior to the development of rigid, gas-permeable lenses, contact lens wearers often wore "hard" contact lenses. These lenses blocked the transmission of oxygen to the wearer's cornea, a condition which can lead to corneal swelling. Gas permeable lenses allow oxygen to reach the cornea and, for that reason, can be worn for longer periods of time than "hard" lenses.

entire right, title and interest in and to any and all ideas, methods, inventions, devices and improvements, whether patentable or not, originating with, conceived, acquired or developed by Employee, either solely or jointly with others during any times, whether during working hours or not, when the Employee is employed by Employer, if the same be reasonably related to Employer's actual operations. All such ideas, methods, inventions, devices, and improvements are hereafter jointly and severally referred to as "ideas".

The parties hereto agree that for purposes of Paragraphs (3) and (4) herein, the Employee shall be deemed as Employee of the Company twenty-four (24) hours a day for every day during the year notwithstanding any leaves of absence, vacations, or other leave.

4. Secrecy: The Employee recognizes and acknowledges that various secrets and/or facts as defined below, are valuable, special and unique assets of the Employer's business. The Employee agrees that during the term of his employment he will use the aforementioned various secrets and/or facts only in connection with his employment with Employer, and that during and after the term of his employment he will not use or disclose any of the various aforementioned secrets and/or facts

> either on his own behalf or the behalf of any other person or entity.
>
> The phrase "secrets and/or facts" as used herein shall include, in addition to its usual meaning, any processes, ideas and other information pertaining to research, development, production, and other business or activities of Employer (and/or Employer's customers), and Employer's list of customers.

At least in its initial phases, the Polycon project was based on two U.S. patents (the Gaylord patents) and some preliminary manufacturing batch sheets[8/] which Syntex had purchased as part of its acquisition of Polymer Optics Corporation. The patents disclose processes for synthesizing certain silicone monomers and using them to create an oxygen-permeable plastic lens material. Novicky's role in the project was to develop processes

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8/ The District Court described a batch sheet as: "a cross between a recipe from a cookbook and a laboratory notebook. The batch sheet contains instructions about how to carry out a procedure or reaction with spaces for the chemist to enter data about reaction conditions and results."

for the commercial development of this contact lens material which would optimize a combination of properties such as high oxygen permeability, wettability, rigidity, and transparency.[9/] The procedures Novicky and others followed in the preparation of the Polycon material and its component ingredients were recorded on "Arapahoe batch sheets" which were used as a basis for further refining the Polycon process. Novicky was also involved in developing or revising analytical procedures to determine if the raw, intermediate, and finished materials would satisfy the Food and Drug Administration's (FDA's) requirements. The details of the relevant specifications

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[9/] Contact lenses are made by reacting certain chemical compounds (monomers) into plastics (copolymers) by a process called polymerization. The plastic lens material is then formed in the shape of rods which are subsequently sliced into discs (buttons) which are then ground into lenses. Novicky's job was to optimize processes and procedures for making the polymer rods.

and analytical methods were recorded on Specification and Analytical Method sheets and incorporated in an FDA master file.

In addition to his regular duties, Novicky experimented with alternative silicone monomers, trying to improve the permeability of the lens material to be used in manufacturing the contact lenses. Syntex had already designated a specific silicone monomer (T-2) to be used in the Polycon material for which it was seeking FDA approval.

In December, 1977, Novicky prepared, signed, and had two Syntex empolyees witness a patent disclosure dealing with certain of the alternative silicone monomers he had developed. Those monomers and the processes related to them were apparently the basis for two patents Novicky obtained in 1980 and 1981, U.S. Patent Nos. 4,242,483 and 4,248,989 (the "'483 and '989 patents", or the so-called "private patents").

On May 12, 1978, Novicky's employment with Syntex was terminated. Four days later, on May 16, 1978, Novicky prepared a second patent disclosure statement regarding other monomers he claimed to have discovered for use in making gas-permeable lens materials (one of which was later designated the S-9 monomer and patented under U.S. Patent No. 4,216,303 (the "'303 patent")). According to Novicky, the discovery contained in the May 16th disclosure had been prompted by his "review" of a 1961 German article on silicone chemistry subsequent to leaving Syntex.

In August 1978, Novicky began negotiating with Tsuetaki, a Chicago optometrist and the president and sole owner of a small optical company (Fused Kontacts of Chicago, Inc.)[10/] for the sale of the technology em-

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10/ Tsuetaki and his company, Fused Kontacts of Chicago, Inc., are collectively referred to as Tsuetaki.

bodied in the May 16th patent disclosure. Tsuetaki and Novicky agreed that Tsuetaki would hire Novicky as a chemist to develop a commercial operation for the manufacture of the new lens material. Novicky signed an employment agreement, promising, inter alia, to assign to Tsuetaki all patentable and unpatentable inventions, developments, or improvements he produced, within or without the scope of his employment, for the life of the agreement (August 31, 1978 - August 31, 1982) plus six months. Novicky resigned his job with Tsuetaki in May 1980.

B. The state and federal litigation: In July 1980, Tsuetaki sued Novicky in the Cook County Circuit Court (an Illinois trial court) for breach of his employment contract. After a sixteen-day bench trial, the state court issued its decision in January 1981. Tsuetaki v. Novicky, No. 80 CH 4724 (Ill. Cir. Ct. Jan. 13, 1981). It held, inter alia,

that the employment agreement was binding and ordered Novicky to assign to Tsuetaki "any and all interest" he had in the patents he had obtained and the patent applications he had filed pertaining to contact lens technology. The state court also enjoined Novicky from "disclosing to any person or entity the contents . . . of any laboratory books and records dealing with the experiments, research, progress, and development of the technology involved in the manufacture of contact lenses . . . " and from "disseminating matters confidential to George Tsuetaki and/or Fused Kontacts of Chicago, Inc."

While the state proceedings were pending, Syntex filed this suit (in November 1980) in the federal District Court below, against Tsuetaki and Novicky for misappropriation of trade secrets. Later, Syntex amended its complaint to add an additional count claiming title to certain patents and patent applica-

tions naming Novicky as inventor, and seeking relief for patent infringement. The court's jurisdiction was invoked under 28 U.S.C. § 1332 and 28 U.S.C. § 1338. In May 1981, the court severed Syntex's patent infringement claims, pending resolution of the patent title and the trade secret questions.[11/]

One consequence of the federal proceedings was that Tsuetaki initiated contempt proceedings (in February 1981) aainst Novicky and Syntex in state court. Tsuetaki claimed that Novicky had disobeyed the court's January 1981 order against "disseminating matters confidential to George Tsuetaki" by improperly conferring with Syntex's attorney about patent rights, disclosures, and other matters in the context of the federal court litigation.

11/ Before the trial on Syntex's trade secret claim, Syntex, pursuant to an agreement with Novicky, filed a Stipulation of Dismissal, dismissing without prejudice its patent infringement claims.

Both Syntex and Novicky opposed Tsuetaki's petition in the state court. Syntex also cross-petitioned for a stay of certain paragraphs of that court's January 1981 order until the federal District Court (in the present litigation) decided the respective rights of the three parties in the property the state court had held Tsuetaki owned.

Subsequently Tsuetaki requested permission from the state court to add Syntex as a defendant in a supplemental complaint. That court granted Tsuetaki's motion on July 10, 1981, saying that Syntex, by filing its cross-petition and responding to Tsuetaki's petition, had made a general appearance, thereby submitting itself to the jurisdiction of the state court. Tsuetaki added a fifth count to its original complaint, seeking declaratory relief as to both Syntex and Novicky. In essence, Tsuetaki sought a declaration that the property which it had purchased from Novicky no longer belonged to

either Syntex or Novicky.

On July 14, 1981 Novicky filed a notice of appeal seeking review of both the trial court's original judgment and its order of July 10th which had denied Novicky's prayer for post-trial relief. Three days later, Syntex filed a petition in the District Court to remove the "action . . . pending in the Circuit Court [the state trial court]" to federal court. That petition as granted by the District Court in September 1981. In March 1982, the District Court denied Tsuetaki's motion for remand.

In the meantime, Novicky filed with the state trial court (in September 1981) a petition under a special provision of Illinois law, asking that the judgment of the trial court be vacated on the basis of newly discovered evidence arising from the federal proceedings. The state trial court dismissed that petition. Novicky's appeal from that decision was con-

solidated in the state system with his earlier appeal, supra.

The Illinos appellate court agreed with Novicky that the evidence given by Tsuetaki in the federal case (1) directly contradicted testimony relied upon by the state trial court in its resolution of the case and that (2) it established that Syntex was an indispensable party that should be joined in the state court action. It also held that the trial court had abused its discretion in dismissing Novicky's post-trial petition, vacated the trial court's judgment, and remanded the case for a new trial, directing that Syntex be joined.

On December 28, 1983, Tsuetaki filed a petition for rehearing, asking the Illinois appellate court to vacate its decision and dismiss Novicky's appeal on the theory that Syntex's petition for removal to federal court, filed in July 1981, had divested the appellate

court of jurisdiction. That petition for rehearing is still pending.

The litigation in federal District Court had continued throughout these post-trial events in state court. On May 6, 1982, the District Court granted Syntex a preliminary injunction (Syntex Ophthalmics, Inc. v. Novicky, 214 USPQ 272 (N.D. Ill. 1982), which was affirmed by the Seventh Circuit. Syntex Ophthalmics, Inc. v. Tsuetaki, 701 F.2d 677, 219 USPQ 962 (7th Cir. 1983). The preliminary injunction enjoined Novicky and Tsuetaki from using the monomers and the processes in dispute.

Later, In October 1982, Novicky filed an amended answer and counterclaim against Syntex. The counterclaim charged Syntex with fraud, misrepresentation, and unjust enrichment for breaching its alleged agreement with Novicky to waive all interest in Novicky's December 1977 inventions (the '483 and '989 "private patents"). The District Court dismissed

Novicky's counterclaim in November 1982, saying that Novicky was collaterally estopped by the state court's judgment (ordering Novicky to assign the '483 and '989 patents to Tsuetaki) from claiming unjust enrichment (on the basis of those patents) against Syntex.

In March 1983, before Syntex's case against Novicky and Tsuetaki went to trial, Syntex and Tsuetaki settled the controversy between them. Pursuant to that settlement, Syntex dropped its claims against Tsuetaki,[12/] and Tsuetaki assigned to Syntex "all of . . . [its] rights in the Novicky patents and patent applications relating to the . . . [federal District Court action] and the State Court action between Tsuetaki/Fused [Kontacts] and Nick Novicky . . . ." On the basis of that assignment, combined with the "collateral

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12/ As indicated in note *, supra, Tsuetaki has not participated at all in the current appeal.

estoppel effect of the state trial court judgment," the District Court granted summary judgment on the patent title issue for Syntex. The District Court said that Tsuetaki owned all Novicky's patents and patent applications by virtue of the state court judgment; the settlement agreement then transferred Tsuetaki's rights in the patents and applications to Syntex. The District Court concluded, "[w]hatever Tsuetaki formerly owned, Syntex now owns."

In June 1983, the District Court held a bench trial on the trade secret misappropriation issue. Following that trial, the court held that Novicky had misappropriated Syntex's trade secrets and entered a final injunction enjoining Novicky for a twenty-year period from using Syntex's trade secrets.

II

Removal

We consider first the threshold issue of the removal of the state action to federal

court pursuant to 28 U.S.C. § 1441 (the removal statute). We emphasize that, in our view, the only claim the District Court could remove from the state trial court was Count V of Tsuetaki's supplemental complaint, adding Syntex (post-judgment) as a party and seeking a declaratory judgment regarding the respective rights of Syntex, Tsuetaki, and Novicky in the property the state trial court had held belonged to Tsuetaki. The state trial court had already entered a final judgment on the other four counts, and Novicky filed a notice of appeal from that judgment three days before Syntex filed its petition to remove.

Under Illinois law, the jurisdiction of the reviewing court attaches instanter upon the timely filing of a notice of appeal. From then on, the lower court has no jurisdiction to modify its judgment or rule on matters of substance which are the subject of the

appeal.[13/] City of Chicago v. Myers, 227 N.E.2d 760 (Ill. 1967). Montgomery Ward & Co. v. Wetzel, 423 N.E.2d 1170, 1176 (Ill. App. 1981). "[T]he cause is beyond the jurisdiction of the trial court." City of Chicago v. Myers, 227 N.E.2d at 761. Accordingly, at the time Syntex filed its petition to remove the action pending in the state trial court, the only claim still pending in that court was Tsuetaki's post-judgment addition to his complaint, Count V. Because the state trial court no longer had jurisdiction over Tsuetaki's original four

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13/ A trial court may retain jurisdiction after a notice of appeal is filed for the limited purpose of ordering the repayment of attorney's fees and costs because that is a matter not affected by the appeal or dependent upon the outcome of the suit. Chicago Title & Trust Co. v. Czubak, 384 N.E.2d 765 (Ill. App. 1978). The lower court may also have jurisdiction to dismiss, under certain circumstances, the appeal of a party in the interim period between the filing of a notice of appeal and the docketing of the case by the reviewing court. See Rickard v. Pozdal, 334 N.E.2d 288, 291 (Ill. App. 1975). Also, a trial court may amend the record to correct "matters of inadvertence or mistake." Arnold v. Leahy Home Building Co., 420 N.E.2d 699, 707 (Ill. App. 1981).

claims, the federal court, which has only derivative jurisdiction on removal, also had no jurisdiction over those particular claims. See Minnesota v. United States, 305 U.S. 382, 389 (1939).

The District Court's opinion (March 1982) denying Tsuetaki's motion for remand of the action to state court is consistent with this view that only Count V against Syntex to be seperate and independent, and it also noted that the state trial court's decision on Tsuetaki's original four counts was a final judgment and that Novicky had taken an appeal from it. It said (in discussing whether the joinder of Novicky in Count V was "fraudulent"):

> Tsuetaki has suggested . . . that its claim against Novicky represents an actual controversy because Novicky is presently appealing the [state trial court's] ruling. The court does not agree

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14/ Syntex's removal petition, though not absolutely precise, is likewise consistent with this view.

> . . . . [The] ruling [of the state trial court] amounts to an absolute declaration of Tsuetaki's and Novicky's rights with respect to the technology at issue in this case. Under Illinois law, the ruling is res judicata as to any further litigation of that claim between the two notwithstanding the pendency of the appeal [citation omitted].

These comments support the view that only Count V was removed from the state court. If all the claims had been removed, including the four claims already decided, the Distrit Court could not anticipate that the state appellate court would hear Novicky's appeal. Once a case is removed, the state court may proceed no further "unless and until the case is remanded." 28 U.S.C. § 1446(e). Any further proceedings in the state court subsequent to removal are coram non judice and will be vacated. 14 C. Wright, A. Miller & E. Cooper, Federal Practice and Procedure: Jurisdiction § 3737 (1976); see Steamship Co. v. Tugman, 106 U.S. 118, 122 (1882); Kern v. Huidekoper, 103 U.S.

485, 493 (1880). In short, the only conclusion that harmonizes with all the circumstances is that Count V alone was removed. That count was indisputably removable at the time Syntex filed its removal petition (see 28 U.S.C. § 1441(c)) and Tsuetaki's early motion to remand was properly denied.

The District Court consolidated the removed claim with Syntex's original federal suit "for all purposes" in March 1983. Following the trial on Syntex's trade secret claim and the District Court's entry of the resulting order, Novicky filed a motion to remand the state action back to state court. We agree with the District Court that Novicky's motion to remand was filed too late. The section of the removal statute that gives the court the authority to remand, 28 U.S.C. § 1447(c), provides:

> If at any time before final judgment it appears that the case was removed improvidently and without jurisdiction, the district court shall remand the case . . . .

(Emphasis added.) Pursuant to that statute, the District Court could properly consider Novicky's motion to remand only if it were filed before final judgment. Novicky's motion, however, was filed after the court's entry of Syntex's voluntary dismissal of its claims against Tsuetaki and the court's entry of summary judgment on the patent claims. We agree with the District Court that these orders constituted a final judgment on the removed state court action. Novicky's motion to remand was correctly denied.

III

Patent Title

In its settlement agreement with Syntex, Tsuetaki assigned to Syntex "all of [its] ... right, title, and interest in and to United States Patent Nos. 4,216,303, 4,242,483, 4,248,989, 4,303,772, 4,314,068 [a division

of the '303 patent supra,], and 4,365,074 [another division of the '303 patent] 15/ Unites States patent applications Serial Nos. 81,682, filed October 4, 1979, and 103,408, filed December 19, 1979, and any patent(s) maturing therefrom . . . ." These patents and applications (except for the two divisionals of the '303 patent) are the ones which the state trial court ordered Novicky to assign

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15/ U.S. Patent Nos. 4,314,068 and 4,365,074 resulted from "divisional applications" filed by Novicky. A divisional application is defined in Section 201.06 of the Manual of Patent Examining Procedure as:

> A later application for a distinct or independent invention, carved out of a pending application and disclosing and claiming only subject matter disclosed in the earlier parent application .... Both must be by the same applicant.
> . . . .
> While a divisional application may depart from the phraseology used in the parent case there may be no departure therefrom in substance or variation in the disclosure that would amount to "new matter" if introduced by amendment into the parent case .
> . . .

to Tsuetaki in its January 1981 decision:

> (1) Novicky is ordered to forthwith assign any and all interest he may have or claim to have in the following identified patent applications and patents to GEORGE TSUETAKI:
>
> 081682
> 072449 [U.S. Patent No. 4,303,772]
> 103408
> 06725 [U.S. Patent No. 4,216,303]
> 66054 [U.S. Patent No. 4,242,483]
> 74427 [U.S. Patent No. 4,248,989]

On the basis of collateral estoppel, the District Court granted summary judgment for Syntex on its title to the patents and applications which Tsuetaki had assigned to it.

Sometime after the District Court's grant of summary judgment, the state appellate court ordered that the state trial court's decision (on which the District Court had relied) should be set aside. However, as we show infra, the appellate court did not disturb the trial court's findings that Tsuetaki was the owner of U.S. Patent Nos. 4,216,303 and 4,303,772 and applications Serial Nos. 81,682

and 103,408. Accordingly, we hold that Novicky is still precluded from raising his claim to the two divisionals of the '303 patent (U.S. Patent Nos. 4,314,068 and 4,365,074). We remand to the District Court the question of Syntex's title to the '483 and '989 patents (the "private patents"), because the appellate court did not accept the trial court's conclusion as to Tsuetaki's rights to those patents.

As already indicated in our discussion of removal in Part II, supra, the Illinois appellate court's jurisdiction over the trial court's decision was unaffected by the removal to District Court of the fifth count of Tsuetaki's complaint which added Syntex (post-judgment) as a party to the state litigation. The trial court's decision (and the trial which preceded it) was based on the original four counts to Tsuetaki's complaint and it was that decision which the Illinois appellate court reviewed.

The only real patent title dispute between Novicky and Tsuetaki in the original state court litigation concerned the two "private patents" --the '483 and '989 patents. With regard to the other four patents and the applications at issue,[16/] the trial court said that Novicky had "conceded that . . . [the four patents and the applications] were duly assigned to GEORGE [Tsuetaki] in accordance with the employment agreement of August, 1978." The state appellate court accepted the trial court's conclusions with regard to those patents and applications. It observed that (1) when Novicky filed his first application, the 6,725 application (for the '303 patent), he had been paid $10,000 and was paid another $10,000 when the patent issued, in accordance with his agreement with Tsuetaki; (2) after the 6,725 application, Novicky filed two more applications,

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16/ Two divisionals of the '303 patent were not explicitly mentioned in the state court opinion.

"which Novicky agrees belong to Tsuetaki" and; (3) that the three additional applications filed, Novicky contends that only two of those three ("which he refers to as 'private patents'") belong to him. These conclusions of the state appellate court, in effect affirming the state trial court on Tsuetaki's title, are entitled to preclusive effect. They meet all the requirements for application of the doctrine of claim preclusion of res judicata.[17/]

[17/] The doctrine of claim preclusion is more appropriate here than the doctrine of issue preclusion or collateral estoppel, cited by the District Court. The doctrine of issue preclusion normally comes into play to bar a party from retrying an issue that was actually litigated in a prior suit and was essential to the final judgment. See Mother's Restaurant, Inc. v. Mama's Pizza, Inc., 723 F.2d 1566, 1569-70 (Fed. Cir. 1983); International Order of Job's Daughters v. Lindeburg & Co., 727 F.2d 1087, 1090. 220 USPQ 1017, 1019 (Fed. Cir. 1984). Here it is the state trial court's final judgment itself and the appellate court's partial affirmance of it that are entitled to preclusive effect.

The fact that a petition for rehearing is pending in the state appellate court does

(continued)

Under the doctrine of res judicata, a judgment on the merits in a prior suit bars a second suit involving the same parties or their privies based on the same cause of action. Parklane Hosiery Co. v. Shore, 439 U.S. 332, 326 n.5 (1979). See also 1B Moore's Federal Practice ¶ 0.405[1] (2d ed. 1983). In our case, the state trial court had held that Tsuetaki was the rightful owner of all of the patents and applications covered in the settlement agreement between Tsuetaki and Syntex.[18/]

[17/] (continued)

not prevent that court's judgment from having preclusive effect. See Sixty-Third & Halsted Realty Co. v. Goldblatt Bros., 96 N.E.2d 838, 843 (Ill. App.), aff'd, 102 N.E.2d 749 (Ill. 1951). ("The law is clearly established that a judgment and decree pending on appeal is res judicata.")

[18/] Although the state trial court did not explicitly discuss the two divisionals of the '303 patent, its order that Novicky assign the '303 patent to Tsuetaki necessarily included the two divisionals because they are, by definition, "carved out of" the parent patent. See supra, note 15.

The appellate court affirmed that judgment with regard to those patents and applications except for the "private patents". Novicky is thus barred from raising his claim to those patents and applications against Tsuetaki or against Syntex (which stands in Tsuetaki's place by virtue of the settlement agreement).[19/]

It was title to the other two patents, the '989 and the '483 patents (the "private

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19/ The state appellate court vacated and reversed the state trial court's judgment, remanding for a new trial, but that was based on three grounds now irrelevant, and had no effect on the patent title matters which we have just discussed. The first ground of reversal was that Novicky had stated a prima facie case of fraud against Tsuetaki (with respect to the "private paterts", discussed supra) under the special Illinois post-trial procedure. The second ground was that Syntex was an indispensable party to the state litigation -- a ground not obviously inapplicable to conclusions as to preclusive effect in Syntex's favor. The third ground was that the state court injunction against Novicky was too long, too broad, and too general. That too, is irrelevant to the present issue of patent title.

patents"), which was in true dispute in the state court litigation. Novicky's claim was that these patents were not covered by his employment agreement with Tsuetaki because Tsuetaki signed a statement in January 1980, in which he waived all rights to them under the employment agreement. The trial court said that Tsuetaki's waiver was ineffective because it was coerced, but the appellate court remanded on the precise issue, because of Tsuetaki's apparently contrary evidence in the federal litigation. See Part I, B, supra.

Syntex asks that this court affirm the District Court's grant of summary judgment on Syntex's title to these two patents despite the state appellate court's order for remand. This request is based on alleged "independent documentary proof of Syntex's title." Syntex points out that Novicky admitted that he invented the subject matter of these patents while

working for Syntex[20/] and it was the subject of his December 15, 1977 patent disclosure witnessed by two Syntex employees. However, Novicky has alleged in a counterclaim for fraud and unjust enrichment dismissed by the District Court (on grounds of collateral estoppel) that Syntex waived any ownership rights it might have in these patents. According to Novicky, Courtland Spicer, a Syntex vice president, told him that "Arapahoe [Syntex] had no interest in the subject matter of Novicky's 1977 inventions and that Novicky was free to develop such inventions in his own name and as his own

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20/ We are aware that Novicky admitted this fact as a pro se litigant, but attach no significance to that because what he admitted is a simple statement of fact, within Novicky's knowledge, and calling for no legal conclusion. We are more willing to discount Novicky's admissions that the patents "belong" to Syntex or that Syntex has "rights" in them because those admissions are legal conclusions and because Novicky withdrew those concessions after he hired counsel.

property." This explicit but unexamined allegation of a significant statement by a Syntex agent (admissible under Federal Rules of Evidence 801(d)(2)(D) warrants further inquiry, and we therefore return this matter to the District Court for trial or further proceedings.

IV

Misappropriation of Trade Secrets

The District Court found that Syntex met its burden on each of the four factors necessary to prove misappropriation of trade secrets under Illinois law (the applicable state law in this case).[21/] According to the

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[21/] A federal District Court must apply the conflict of law rules of the state in which it sits. Klaxon Co. v. Stentor Electric Mfg. Co., 313 U.S. 487 (1941). The applicable Illinois rule is that in an action based upon alleged misappropriation of proprietary information or trade secrets, the law of the place where the alleged wrong was committed or the benefit was obtained by the defendant should govern. Smith v. Dravo Corp., 203 F.2d 369, 373, 97 USPQ 98, 101 (7th Cir. 1953). Here, Illinois law is applicable because the alleged wrong took place at Tsuetaki's place of business in Illinois.

District Court, Syntex established (1) that it had legally cognizable trade secrets, (2) that Novicky obtained the trade secrets within a confidential relationship with Syntex, (3) that Novicky disclosed the secrets in breach of the confidential relationship, and (4) that Novicky profited from the disclosure.[22/] See Schulenburg v. Signatrol, Inc., 200 N.E.2d 615 (Ill. App. 1964), aff'd in part and rev'd in part, 212 N.E.2d 865 (Ill. 1965), cert. denied, 383 U.S. 959 (1966). On the record before us, we cannot say that these findings were clearly erroneous. See Rosemount, Inc. v. Beckman Instruments, Inc., 727 F.2d 1540, 1544 n.4, 221 USPQ 1, 5 n.4 (Fed. Cir. 1984); Raytheon Co. v. Roper Corp., 724 F.2d 951, 956, 220 USPQ 592, 596 (Fed. Cir. 1983).

A. Existence of trade secrets: Illinois

22/ The parties agreed before trial that Syntex did not have to introduce evidence to prove this fourth element.

courts define a trade secret as "a secret plan or process, tool, mechanism or compound known only to its owner and those of his employees to whom it is necessary to confide it." Schulenburg v. Signatrol, Inc., 212 N.E.2d at 868 (emphasis omitted); Bimba Mfg. Co. v. Starz Cylinder Co., 256 N.E.2d 357, 363 (Ill. App. 1969); Colony Corp. of America v. Crown Glass Corp., 430 N.E.2d 225, 227 (Ill. App. 1981). The set of processes and ingredients used in the manufacture of Polycon, as disclosed in the batch sheets and the FDA file, fit this definition. First, by its terms, the definition provides that a process can be a trade secret. See also Imperial Chemical Industries, Ltd. v. National Distillers & Chemical Corp., 342 F.2d 737, 742-43, 144 USPQ 695, 698-99 (2d Cir. 1965) (trade secret in process for constructing an autoclave reactor); Ferroline Corp. v. General Aniline &

Film Corp., 207 F.2d 912, 921, 99 USPQ 240, 246 (7th Cir. 1953), cert. denied, 347 U.S. 953 (1954) (trade secret in process for production of iron pentacarbonyl). Second, it is clear that Syntex made great efforts to keep its Polycon process secret. The District Court found:

> [Syntex] . . . restricted access to [its] . . . Research and Development Department to only those employees and consultants . . . who had signed secrecy agreements. Laboratory notebooks and batch records were under lock and key. Only those who needed information in confidential reports received them. The building housing the POLYCON laboratory remained locked after business hours. Visitors had to register and employees accompanied them during their visit. While orienting new employees, [Syntex's] . . . personnel department specifically reviewed . . . paragraphs three and four of the employment agreement which established the duty not to disclose confidential information [see Novicky's employment agreement with Syntex, supra, Part I]. At orientation, employees also learned that everything they did or learned was secret and subject to that duty. Dr.

> Courtland Spicer, a supervisor on the project, told his employees that the information in the batch sheets was valuable and confidential. Syntex never published the batch sheets or the analytical methods [contained in the FDA master file].

We agree with the District Court that manufacturing process details which are given such confidential treatment are entitled to protection as trade secrets. See Affiliated Hospital Products, Inc. v. Baldwin, 373 N.E.2d 1000, 1002, 1006, 202 USPQ 220, 221-22, 225 (Ill. App. 1978).

Novicky argues, nonetheless, that the Polycon process is not a trade secret. He asserts that the "batch sheets . . . are nothing more than a compilation of reactions, each of which is well-known to the art and documented in the literature." Novicky fails to acknowledge that it is the very "compilation of reactions" --along with information about the ingredients and procedures used in them --that is the trade secret. Even if Novicky were correct in his assertion that all the reactions used

in the Polycon process were individually well-known in the art, that would not preclude the existence of a trade secret in compilation of processes:

> [A] trade secret can exist in a combination of characteristics and components, each of which, by itself, is in the public domain, but the unified process, design and operation of which, in unique combination, affords a competitive advantage and is a protectable secret.

Imperial Chemical Industries, 342 F.2d at 742 (citations omitted). See also Ferroline Corp., 207 F.2d at 921 ("process as a whole . . . differ[ed] materially from any methods taught in the prior art") (emphasis added). As the District Court said: "the value of the secret to Syntex lay in the accumulation and integration of the various basic steps into a commercially feasible product" (emphasis added). Novicky admitted at the trial before the District Court that no single public domain document sets forth all the details contained in

Syntex's batch sheets or FDA master file.

B. Novicky's Access to the Trade Secrets: Novicky admitted at trial that he had access to any documents he wanted relating to the Polycon project. This would include the batch sheets, much of which he developed himself, and the FDA master file. The employment agreement he signed with its non-disclosure and assignment clauses (see supra, Part I) demonstrates that he received the trade secrets in the context of a confidential relationship.

C. Novicky's Disclosure of the Trade Secrets: The District Court cited the testimony of Dr. McGrath (Syntex's expert) who stated that the crucial portions of the Tsuetaki and Syntex batch sheets were identical and of Mr. Merker (Novicky's expert) who said (confused as to which set of batch sheets he was holding) that the material "both look[ed]

alike" to him. The court also noted that Dr. McGrath had pointed out errors which appeared in both the Arapahoe and Tsuetaki batch sheets which he labelled "fingerprint errors" because they were mistakes that a chemist was unlikely to repeat, unless he was copying directly from a document. McGrath likewise testified that the specifications and analytical methods contained in the FDA master file Novicky prepared for Tsuetaki were "very very similar" to and contained "an awful lot of very nearly identical materials" to those in the Syntex FDA master file. He said: "[T]he chemical procedures, the data sheets, even some of the log sheets are almost identical. There is no

difference between several of these. Even the typing is the same." Given this evidence of the similarities between the two sets of process sheets, we cannot find that the District Court's conclusion, that Novicky copied Syntex's process sheets and used its trade secrets at Tsuetaki's plant, is clearly erroneous.

V

The Remedy

The District Court's final injunction provided in its most significant part:

> Novicky and [his agents] are ... enjoined for twenty (20) years from May 12, 1978 [the day Novicky resigned from Syntex], or until May 12, 1998, from using or disclosing information found in the Arapahoe [Syntex] batch sheets and the FDA Master File, and not found in public domain documents, for manufacture of silicone-containing, rigid, gaspermeable contact lens material . . . .

Novicky challenges both the scope and duration of the injunction. Under Illinois law, an injunction in a trade secret case must be limited to the approximate length of time necessary for the defendant to duplicate the trade secret by lawful means. Brunswick Corp. v. Outboard Marine Corp., 404 N.E.2d 205, 207 USPQ 1039 (Ill. 1980); Schulenburg v. Signatrol, Inc., 212 N.E.2d at 869-70.[23/]

On this issue, there were three separate pieces of evidence before the District Court. Novicky's expert, Mr. Merker, testified as follows (on cross-examination) on the question

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[23/] Many other jurisdictions have used this "independent development test." See, e.g., K-2 Ski Co. v. Head Ski Co., 506 F.2d 471, 474, 183 USPQ 724, 726 (9th Cir. 1974); Anaconda Co. v. Metric Tool & Die Co., 485 F. Supp. 410, 431, 205 USPQ 723, 741 (E.D. Pa. 1980); Sperry Rand Corp., v. Electronic Concepts, Inc., 325 F. Supp. 1209, 1219 (E.D. Va. 1970), vacated and remanded on other grounds, 447 F.2d 1387 (4th Cir. 1971), cert. denied, 405 U.S. 1017 (1972). See also 12 R. Milgrim, Trade Secrets § 7.08[1] n.12 (1983).

of the time necessary for independent development:

> SYNTEX ATTORNEY (MR. GOULD): Do you have any opinion how long it would take someone starting with the Gaylord patent and the other public documents you talked about to come up with those procedures for an optimized process?
> MR. MERKER: To the final product?
>
> MR GOULD: The final product optimized process, all those specifications and all those analytic methods.
>
> * * *
>
> MR. MERKER: From start to finish, if you lump everything together, the last step takes the longest. I would estimate maybe a year.[24/]

Dr. McGrath's (Syntex's expert's) corresponding testimony (on direct examination) went as follows:

24/ Mr. Gould's follow-up question makes it clear that Merker was testifying with regard to the length of time it would take to develop procedures for an optimized commercial (rather than a laboratory) process. He asked Mr. Merker, "But you have never actually done a scale-up yourself to a commercial process, have you?"

> MR. GOULD: Those time intervals that you set [much less than a year], were those for making a laboratory scale or were they for making an industrial-commercial scale usable for contact lenses as set forth in the batch sheets?
> DR. McGRATH: I was thinking about he laboratory scale to make a sample or two.
>
> MR. GOULD: How long would it take to develop for you, if you were given nothing but the Gaylord patent, to develop the specification, annalytic techniques, and the batch sheets, given just the Gaylord patent?
>
> DR. McGRATH: It would take an enormously longer period of time, certainly months, maybe years.

The District Court discounted both Merker's and McGrath's testimony[25/] and relied almost entirely on the testimony of Dr. Capozza, President of Syntex Ophthalmics, that "in excess of 20 man-years and in excess of one million dollars was spent in developing the

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25/ The court was wrong in finding that the two experts' testimony related "to the mere laboratory production of a polymer." As shown supra, this testimony went much further.

process." The choice of a 20-year period for the final injunction was squarely rested on this evidence. We think that this was clear error and an abuse of discretion. The fact that Syntex may have spent 20 man-years (involving quite a number of people) and a million dollars on the development process does not mean that Novicky would take 20 years to recreate independently the trade secrets. Dr. Capozza himself testified that the actual elapsed time was some "two years of effort . . . from the early '77 period to the point at which the product was introduced into the market in May of '79" (emphasis added). Particularly in view of this limited actual timespan, there are several defects in measuring the duration of the injunction by the number of man-years Syntex's employees spent during that two years. For one thing, Syntex may well not have needed all those man-hours merely to develop the particular trade secrets (mainly

the batch sheets and FDA file) that Novicky misappropriated; there is good reason to believe that Dr. Capozza's estimate included much else leading to the commercialization of the product.[26/] Then, too, Syntex may have expended far more effort than actually necessary even to produce the particular trade secrets; it is not unknown for people to be more careful and thorough than actually necessary. Moreover, it seems strange to enjoin appellant for 20 years (until May 12, 1998) because Syntex expended 20 man-years (using several people) in an actual two-year span, and at the same time to enjoin appellant (as the final injunction appears to do) from utilizing any agents, servants, or employees or any other person in concert with him. In other

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26/ Dr. Capozza agreed that his estimate includes things involved "directly or indirectly" in the whole process development. Of course, the time spent on Syntex's efforts aside from the development of the purloined trade secrets must be excluded.

words, appellant is enjoined from acting either alone or with others for 20 years, on the basis of Syntex's use of others (during an actual two-year period) to the extent of 20 man-years. Even if Novicky were willing and able to extend, along with others, the same two years and the 20 man-years of effort to develop independently the matters which he misappropriated, he would apparently still be barred until 1998.

An injunction was plainly warranted but our conclusion, on this record, is that it was clear error and an ause of discretion to extend the injunction for 20 years until 1998. This error is important because extending the injunction beyond the time Novicky could independently have developed the Polycon procedures would give to Syntex "a windfall protection and would subvert the public interest in fostering competition and in allowing employees to make full use of their knowledge

and ability." Brunswick Corp. v. Outboard Marine Corp., 404 N.E.2d at 207.[27/]

The issue then becomes whether we should simply remand to the District Court to exercise its judgment properly, or whether we can set durational limits. We believe that, on the whole record, the maximum duration this record will permit is eight years from May 1978 (when Novicky left Syntex's employ) or four years from the date of the District Court's preliminary injunction (May 1982).[28/]

Since somewhat less than two years remain of the maximum span of the injunction the District Court can enter, we proceed to

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27/ An employee can always take with him, at the termination of his employment, the general skills and knowledge gained while working for an employer. Schulenburg v. Signatrol, Inc., 212 N.E.2d at 869.

28/ Novicky was placed under the similar state court injunction in January 1981.

discuss Novicky's further claim that the injunction is too broad in scope. First, the injunction should be modified, to the necessary extent (if any), to accord with the court's determination (on remand) of the ownership of the "private patents". Second, the very general term "not found in public domain documents" need clarification and specification. Third, because the misappropriated trade secrets consist of a compilation of reactions (see Part IV, supra) not of the individual reactions singly, the second and last paragraphs of the injunction should be modified to assure that appellant will not be in contempt merely through use of already known individual reactions or ingredients.

VI

Conclusion

We affirm the District Court's grant of summary judgment for Syntex on its title to the patents and applications covered by the

settlement agreement with Tsuetaki, except for the '483 and '989 patents. We remand to the District Court the question of Syntex's title to the latter patents and reverse the court's dismissal of Novicky's counterclaim for fraud and unjust enrichment regarding them. We affirm the District Court's judgment that Novicky misappropriated Syntex's trade secrets, but reverse the final injunction and remand for further consideration of the duration and terms of the injunction in accordance with this opinion. We affirm the denial of Novicky's motion to remand the state action back to the state court.

Affirmed in part, Modified in part, Reversed in part, and Remanded.

THIRD DIVISION
DECEMBER 7, 1983

81-1727/
81-2857

GEORGE F. TSUETAKI and FUSED KONTACTS OF CHICAGO, INC., an Illinois corporation,	)	APPEAL FROM THE CIRCUIT COURT OF COOK COUNTY.
Plaintiffs-Appellees,	)	HONORABLE REGINALD J. HOLZER, JUDGE PRESIDING.
vs.	)	
NICK N. NOVICKY,	)	
Defendant-Appellant.	)	

JUSTICE McGILLICUDDY delivered the opinion of the court:

Following a bench trial, defendant, Nick Novicky (Novicky), was found to have breached his employment contract with plaintiffs, George F. Tsuetaki and Fused Kontacts of Chicago, Inc. (Tsuetaki). The trial court also found that modifications of the contract

were void for duress, fraud and lack of consideration. An order was entered granting the injunctive relief sought by Tsuetaki, and ordering Novicky to return sums of money received pursuant to the contract modifications.

On appeal Novicky asserts (1) the injunction is overly broad, permanently precluding him from disseminating any and all information relating to the manufacturing of gas permeable contact lenses, thus effectively precluding him from pursuing his career; (2) the modifications of his employment contract were valid and not obtained by duress or fraud; (3) the order of the circuit court is void for failure to join an indispensable party to the litigation; and (4) the circuit court erred in dismissing Novicky's petition for rehearing based on section 72 of the Civil Practice Act (Ill. Rev. Stat. 1979, ch. 110, par. 72), now codified as section 2-1401 of

the Code of Civil Procedure (Ill. Rev. Stat. 1981, ch. 110, par. 2-1401).

At trial, Tsuetaki testified that he was a doctor of optometry doing business as Fused Kontacts, Inc. The corporation makes contact lenses for sale to doctors, labs and patients. In August 1978, Novicky, a chemist, stated to Tsuetaki that he had developed a new composition for gas permeable contact lenses that he wanted to sell to him. Tsuetaki signed a security agreement, providing that he would not analyze materials received from Novicky at that time, but that, if a business arrangement were reached, all technology would become the property of Tsuetaki.

Subsequently, Tsuetaki and Novicky met with Tsuetaki's patent attorney regarding the new composition for gas permeable contact lenses. Although Novicky had previously been employed as a chemist by Syntex Opthalmics, Inc., and/or Arapahoe Chemicals, Inc., (col-

lectively Syntex), a manufacturer of gas permeable contact lenses, Novicky maintained that he had developed the material offered to Tsuetaki after leaving Syntex and while working on his master degree at the University of Denver. Novicky represented that his invention did not infringe any patent owned by Syntex.

Tsuetaki and Novicky entered into an employment agreement for the period from September 1, 1978 to August 31, 1982, providing that Novicky would be employed to develop material and techniques useful for the production of contact lenses and related items. He was to be paid an annual salary of $22,500 adjusted annually to reflect increases in the cost of living and a discretionary bonus. In addition, in exchange for a present assignment of all rights to any inventions previously made by Novicky, he was to receive (1) $10,000 for each patent application covering developments made by Novicky for use in making contact

lenses and related items, approved by Tsuetaki and filed in the United States Patent Office; and (2) an additional $10,000 when and if a United States patent was issued on the application.

In return, Novicky assigned all inventions, developments and improvements to be made in the future to Tsuetaki during his life of the agreement plus six months thereafter. Novicky also agreed to keep the subject of his work "confidential" as long as such information had value to Tsuetaki or was still confidential.

The employment contract was signed on August 31, 1978, and Novicky began work in a laboratory provided by Tsuetaki. Novicky made rods of material from which his employer cut discs to make contact lenses. Tsuetaki tested the lenses by wearing them himself. He would then suggest to Novicky changes that might be made to improve the lenses. Eventually

they developed a material which they called "GN-1," and patent application serial number 6752 was filed in Novicky's name covering the GN-1 material. Pursuant to the agreement, Novicky was paid $10,000 at filing and $10,000 when the patent was officially allowed.

After the 6752 application was filed, Novicky filed two more applications for other inventions of which Tsuetaki was advised and which Novicky agrees belong to Tsuetaki. Novicky also filed three additional patent applications for other inventions, two of which he refers to as "private patents". Novicky testified that Tsuetaki was uninterested in these two patents and freely signed a statement in January 1980, waiving all rights to them. Tsuetaki, however, testified that he signed the waiver under duress and fraud and without consideration. The alleged duress was a backlog of orders which could only be filled by the production of the rods by Novicky.

The alleged fraud was Novicky's assurance that the two private patents were inferior to, and thus not competitive with, those assigned to Tsuetaki. However, following expert testimony, the trial court found that the private patents were competitive with GN-1. The court also found that Tsuetaki had signed the waiver under duress since the alternative was a complete shutdown of operations because of the stoppage of the production of the rods by Novicky.

The employment contract was further modified in May 1980, when Tsuetaki agreed to pay Novicky a royalty of $1.00 per rod for all GN-1 material produced. Tsuetaki testified that this agreement, too, was the product of duress. Novicky had started a production slowdown. Tsuetaki allegedly had a backlog of orders for 42,000 GN-1 blanks or 1900 rods and no personnel other than Novicky to produce them. At approximately the same time Novicky also requested and received from Tsuetaki an

additional $3,000 for preparation of a United States Food and Drug Administration file seeking approval of the GN-1 material. Again, Tsuetaki testified that he acted under duress. In June 1980, Novicky tendered his resignation to Tsuetaki.

The trial court found that Novicky had violated his employment agreement and on January 13, 1981, entered judgment for Tsuetaki, ordering Novicky to repay the $3,000. The judgment order also included an injunction which provided:

> "(4) NICK N. NOVICKY is hereby enjoined from disclosing to any person or entity the contents in whole or in part of any laboratory books and records dealing with the experiments, research, progress and development of the technology involved in the manufacture of contact lenses, including, but not limited to, those which could, would or did lead to the filing of letters patent. NICK N. NOVICKY is also enjoined from otherwise disseminating matters confidential to GEORGE TSUETAKI and/or FUSED KONTACTS OF CHICAGO".

On October 24, 1980, Syntex had requested permission to monitor the circuit court proceedings. Tsuetaki and Novicky objected. The trial court denied the request. On November 19, 1980, Syntex filed suit against Tsuetaki and Novicky in the United States District Court for the Northern District of Illinois alleging that Tsuetaki had wrongfully obtained Syntex's trade secrets from Novicky.

On February 18, 1981, Novicky filed a post-trial motion seeking modification of the judgment of January 13, 1981. Novicky contended that the injunction in paragraph (4) was overly broad, and that it was anomalous since Novicky was not precluded from manufacturing contact lenses using confidential information and processes belonging to Tsuetaki, as long as that information or process was not disclosed to any other person or entity.

Tsuetaki filed a petition for Rule to Show Cause on February 11, 1981, contending

that Novicky had improperly conferred with an attorney for Syntex, regarding the case in Federal court in which Novicky was appearing pro se. In response to the petition for Rule to Show Cause and in support of its own cross-petition for a stay of the injunction entered by the circuit court on January 13, 1981, Syntex submitted a memorandum stating that Novicky had agreed not to disclose or use contact lens-related trade secrets learned during the five years he had worked for Syntex. While Novicky worked for Syntex he had allegedly developed methods of making contact lenses, generating a Patent Disclosure executed on December 15, 1977, by three Syntex employees. Although this patent belonged to Syntex, it was allegedly substantially similar to the patent awarded to Tsuetaki in the January 13, 1981 judgment. Further, the judgment required Novicky to transfer to Tsuetaki documents allegedly belonging to Syntex and drafted by

Novicky during his employment there. Syntex requested the trial court to enter a protective order staying certain paragraphs of its order pending the decision of the Federal court regarding the rights of the parties.

On February 24, 1981, Syntex filed a Special and Limited Appearance to contest personal jurisdiction of the state court. On July 10, 1981, the trial court held that Syntex, by filing its cross-petition and its response to the petition for Rule to Show Cause, had made a general appearance thereby submitting itself to the jurisdiction of the trial court. The court, further, denied Syntex's petition for a protective order. Novicky's post-trial motion was also denied.

Novicky appeals the January 13, 1981 and July 10, 1981 decision of the circuit court. In addition, he filed a petition pursuant to section 72 of the Civil Practice Act (Ill. Rev. Stat. 1979, ch. 110, par. 72),

now codified as section 2-1401 of the Code of Civil Procedure (Ill. Rev. Stat. 1981, ch. 110, par. 2-1401), on the basis of testimony given by Tsuetaki and by Fused's comptroller, in the Federal case against both Tsuetaki and Novicky. Novicky asserted in his petition that (1) evidence given by Tsuetaki and the comptroller in the Federal case directly contradicted testimony relied upon by the circuit court in its resolution of the case in the circuit court; and (2) evidence in the Federal case established that Syntex was an indispensable party who should have been joined to the circuit court action. Tsuetaki filed a motion to strike the section 72 petition. The court granted the motion to strike. Novicky also appeals this order.

I.

We first address the issue of the dismissal of the section 72 petition which alleged that the evidence given by Tsuetaki in the circuit

court was contradicted by subsequent depositions given by Tsuetaki in the Syntex case in the Federal court. Tsuetaki and his comptroller, Bill Vranas (Vranas), testified in the trial of the instant case in support of Tsuetaki's claim of coercion and duress that Tsuetaki had not been able to fill his orders for lenses during the summer of 1980 because of Novicky's refusal to produce sufficient material and his lack of other personnel to manufacture the material. However, according to their depositions in the Federal case, not only had Tsuetaki been able to fill his orders on July 3, 1980 and July 15, 1980, from material made by Novicky before his resignation, but Vranas testified further that sales were in fact "bad" during the summer of 1980 and that when Tsuetaki resumed production without Novicky he still had an inventory over 1,000 "buttons" produced by Novicky. This is inconsistent with Vranas' and Tsuetaki's testimony in the circuit court.

Concerning Novicky's so-called "private patents", Tsuetaki testified in circuit court in support of his allegation that Novicky had coerced him into waiving his interest in those patents:

> "I asked Mr. Novicky, what do you want to do. What do I have to do in order that we can have production and satisfy our needs? **** I had no choice but to sign this."

However, in his deposition in the Federal case filed by Syntex, Tsuetaki stated that about six months after the commencement of the employment agreement Novicky had offered him the private patents for $10,000. Tsuetaki stated that he simply did not wish to accept his offer. Again this contradicts the testimony in the instant case.

Further, regarding the alleged duress resulting from Tsuetaki's complete dependence on Novicky for the production of lenses due to a lack of other qualified employees, the

Federal deposition revealed that Tsuetaki had actually opened a second laboratory, Paragon Research Corporation, before Novicky resigned. In the instant case, on the other hand, Tsuetaki had testified that he had "no desire" to open another laboratory facility and that Novicky would not have permitted him to hire an additional chemist.

In addition, in the circuit court, counsel for Tsuetaki referred to Novicky as having "extorted" the $3,000 received for preparation of the United States Food and Drug Administration file, claiming that the typing bills in conjunction with the preparation of the file had amounted to only $54. The actual bills, disgorged in the Federal court proceeding, totaled approximately $1,400.

In the section 72 petition Novicky also alleged that Syntex was an indispensable party to the circuit court case, based on Syntex's assertions in the Federal case that it had a

proprietary interest in the subject matter of this case. Novicky's section 72 petition was supported by his affidavit and memorandum.

Tsuetaki filed a motion to dismiss the section 72 petition alleging that it was insufficient at law to state a claim for relief. The circuit court entered an order striking the section 72 petition on the basis that the newly discovered evidence could have been presented at the trial if Novicky had exercised due diligence.

First, we note that for purposes of a section 72 petition, as in other pleadings, failure to answer the allegations of the petition constitutes an admission. (Campbell v. Kaczmarek (1976), 39 Ill. App. 3d 465, 350 N.E.2d 97.) Therefore, we must accept Novicky's allegations as true and the only issue before this court is whether the petition and its supporting affidavit adequately set forth facts to show that the trial court abused its discretion in

denying the petition. (Colletti v. Schrieffer's Motor Service Inc. (1962), 38 Ill. App. 2d 128, 186 N.E.2d 659.) A court of review may disturb a trial court's decision regarding a section 72 petition only if it finds that the court abused its discretion. Stallworth v. Thomas (1980), 83 Ill. App. 3d 747, 404 N.E.2d 554.

The criteria for a successful section 72 petition are well established. A party must demonstrate: (1) the existence of a meritorious defense or claim; (2) due diligence in presenting this defense or claim to the court in the original action; (3) that, through no fault of his own, an error was made or a defense or claim was not raised; and (4) due diligence in filing the petition. In addition, the petition must set forth specific factual allegations in support of each element in order to prevail. Stallworth v. Thomas.

The purpose of section 72 petition is to permit the vacation of judgments where facts exist which, had they been known to the trial court, would have precluded the judgment. (Diacou v. Palos State Bank (1976), 65 Ill. 2d 304, 357 N.E.2d 518; People v. Hinton (1972), 52 Ill. 2d 239, 287 N.E.2d 657, cert. denied (1973), 410 U.S. 940.) It must be a fact that influenced the court in its judgment but about which the court was in error. Further, the petitioner must demonstrate that through no fault or neglect of his own the error of fact could not have been discovered at the time of the original proceeding. (People v. Jennings (1971), 48 Ill. 2d 295, 269 N.E.2d 474; People v. Stewart (1978), 66 Ill. App. 3d 342, 383 N.E.2d 1179.) Section 72 is an appropriate remedy where the omission of a valid defense was caused by fraud, duress or excusable mistake. It is not intended to relieve a party of the consequences of his

own negligence or mistake. Diacou v. Palos State Bank; People v. Stewart.

It is our opinion that Novicky has alleged specific facts in his petition, recounted above, which could have led the circuit court to a different decision regarding the agreement between him and Tsuetaki, as well as the modifications of that agreement, had they been known at the time of judgment. The cornerstone of Tsuetaki's case was his claim of economic duress produced by Novicky's alleged refusal to produce sufficient material to fill Tsuetaki's orders for contact lenses. It was on this basis that the trial court held the modifications of the employment agreement to have been made under duress and therefore unenforceable. Depositions taken during discovery in the Syntex Federal case -- the testimony of Tsuetaki himself as well as that of Bill Vranas, the two principal witnesses in the action against Novicky -- refute this. Thus, we

believe that Novicky has presented a meritorious defense and the initial requirement for a successful section 72 petition has been satisfied.

In his petition Novicky stated, in support of the due diligence requirement, that these facts were not brought out at trial because, as an individual, he was economically precluded from the scope of discovery available to Syntex, a corporation. While this may not be sufficient to establish due diligence in itself, we note that the equitable powers of the court are invoked in the consideration of section 72 petitions (Elfman v. Evanston Bus Co. (1963), 27 Ill. 2d 609, 190 N.E.2d 348), and that section 72 relief is granted to achieve justice, and that a liberal construction is used to achieve that end. (Elfman v. Evanston Bus Co.; Electrical Wholesalers, Inc. v. Silverstein (1977), 47 Ill. App. 3d 689, 365 N.E.3d 375.) The requirement of due diligence need not be

rigidly enforced when fraud or unconscionable behavior is shown. (Department of Public Works & Building v. O'Hare International Bank (1976), 44 Ill. App. 3d 934, 358 N.E.2d 1308; see Esczuk v. Chicago Transit Authority (1968), 39 Ill. 2d 464, 236 N.E.2d 719.) We believe that the apparently false testimony given by Tsuetaki and Vranas may fairly be characterized as fraud.

Further, it is our opinion that Tsuetaki's self-serving testimony, depending upon the court in which he had been called to testify or to give a deposition, constituted unconscionable behavior. Since it can hardly be attributed to any fault on Novicky's part that Tsuetaki and Vranas did not testify truthfully, we conclude that the requirement of due diligence has been satisfied and that the trial court abused its discretion in dismissing Novicky's section 72 petition. Thus, the judgment of the trial court is vacated and this matter is remanded for further proceedings.

II.

We next address the issue of Syntex as a necessary party. We first note that we do not believe that Syntex should be joined on the basis of the section 72 petition, since as Syntex's former employee any fault for the failure to join Syntex originally must be attributed to Novicky. Relief pursuant to section 72 is not designed to remedy the consequences of a party's own negligence. Diacou v. Palos State Bank (1976), 65 Ill. 2d 304, 357 N.E.2d 518.

However, it is well established that if a complete determination of a controversy cannot be had without the presence of a party, or if a person, not a party, has a property interest which a judgment may affect, the court on application shall direct him to be made a party. (Ill. Rev. Stat. 1979, ch. 110, par. 25(1), now codified as section 2-406(a) of the Code of Civil Procedure (Ill. Rev.

Stat. 1981, ch. 110, par. 2-406(a)); (Lain v. John Hancock Mutual LIfe Insurance Co. (1979), 79 Ill. App. 3d 264, 398 N.E.2d 278; Lerner v. Zipperman (1979), 69 Ill. App. 3d 620, 387 N.E.2d 946.) This is required by fundamental principles of due process, since a court is without jurisdiction to enter a decree or judgment which affects a right or interest of someone not before that court. (Lerner v. Zipperman.) The requirement of joinder of necessary parties is absolute and inflexible and therefore an appellate court has a duty to enforce the principle of law requiring the joinder of parties sua sponte as soon as it is brought to its attention. Lerner v. Zipperman.

In our opinion due process requires that Syntex be joined to this action upon remand. Syntex is clearly a necessary party since it is manifest from the record as well as the parties' briefs on appeal that, as

Novicky's former employer, Syntex has claimed a property interest in the same alleged trade secrets and patented processes that are the subject matter of the controversy between Novicky and Tsuetaki. A judgment enjoining Novicky from the use or dissemination of this information, while allowing Tsuetaki to proceed freely, could infringe the rights of Syntex, as could a contrary disposition. Therefore, we hold that upon remand Syntex must be joined as a necessary party.

III.

Finally, since the issue is likely to arise again upon remand, we address the scope of the injunction against Novicky. An injunction should be reasonable and should only be as broad as is essential to safeguard the rights of the plaintiff. (Village of Wilsonville v. SCA Services, Inc. (1981), 86 Ill. 2d 1, 426 N.E.2d 824.) Furthermore, as a general rule, an injunctive order should not be broader

in scope than the relief sought in the pleadings. (Cook County v. Rosen & Shane Wine & Spirits, Inc. (1978), 58 Ill. App. 3d 744, 374 N.E.2d 838; Schlicksup Drug Co., Inc. v. Schlicksup (1970), 129, Ill. App. 2d 181, 262 N.E.2d 713.) We agree with Novicky that the apparently perpetual injunction entered by the trial court essentially enjoining him from disclosing any and all information relating to the manufacture of contact lenses, including but not limited to information which could, would or did lead to the filing of applications for letters patent, is too broad. The granting of the injunction is reversed. To aid in the enforceability of any possible future injunction, the trial court should delineate with greater specificity precisely which information may not be disclosed or used, and for what period of time.

For the foregoing reasons, the judgment of the circuit court of Cook County is reversed and remanded for a new trial.

Reversed and remanded.

McNAMARA, P.J., and RIZZI, J., concur.